

DOES YOUR TALENT SUPPLY CHAIN MEASURE UP?

APPLYING ADVANCED DATA ANALYSIS TO YOUR HUMAN RESOURCE NEEDS

TOM TISDALE

IT skills: 8.3
Reliability: 6.4
Affordability: 3.0

Engineering skills: 7.3
Reliability: 5.0
Affordability: 6.7

Finance skills: 5.2
Reliability: 7.6
Affordability: 8.0

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INTRODUCTION

Workforce planning by gut feel is a hallmark of many companies—but it's also a relic of the past.



Tom Tisdale

Few companies can succeed without having the right people in the right place at the right time, but most companies are flying blind when it comes to establishing effective talent supply chains. This is because they're constrained by four key actions:

- Benchmarking against themselves instead of global best practices
- Fixating on the who, what and when of workforce planning and largely ignoring the why and how
- Acting on gut feel when making decisions about talent, rather than concrete data
- Narrowly focusing on managing talent suppliers in order to fill roles, rather than managing the entire talent supply chain.

The solution for companies looking to overcome these constraints is to revamp their workforce planning and make more use of data analytics capabilities. In fact, research conducted by the MIT Sloan Management Review, in collaboration with the IBM Institute for Business Value, has found that top-performing organizations are more likely to have advanced workforce analytics practices than low-performing companies.

Making the most of data

In an era of big data, companies have access to more information than ever about their staff and talent suppliers. By analyzing this information in more depth, companies can develop actionable insights to improve their talent management practices.

However, many companies develop these insights within a narrow band. They use analytical tools to examine inward-facing factors looking at metrics independently, such as how quickly they can fill roles. Leading companies are instead tapping into higher-value analytics activities that look at inter-relationships between performance metrics and enable them to benchmark their talent suppliers against peers across their entire industry.

That's the focus of this paper:
How you can make the most
of the intelligence available
to your business by focusing
on what we call Talent Supply
Chain Analytics—using big data
and the latest analysis tools to
improve the effectiveness of
your whole talent supply chain.

THE MIRROR IS YOUR WORST ENEMY

Successful companies are taking a much wider view of talent and their needs.

When it comes to workforce planning, many companies are transfixed by the mirror. That is, they are predominantly focused on themselves and how they will meet their immediate need for talent. However, this relatively self-centered approach could be instilling ineffective talent management practices and lead to myopic decision-making.

The workforce planning landscape extends well beyond a company's current need to fill a role. It includes the talent you need and the talent you have; it includes the talent you will likely need in the future and the talent you had in the past.

It's also vital to consider how your corporate functions—operations, human resources and procurement—interact to drive strategic alignment with the talent supply chain.

Given the complexity of talent supply chains, a company cannot consider workforce planning in isolation. Rather, it should rigorously evaluate its activities across the entire talent supply chain—and against global best practices. The key to this approach is to use big data and the latest data analysis techniques to gain new insights.

Talent Supply Chain Analytics enables a smarter, more data-driven approach to creating and managing your talent supply chain, and delivers actionable insights for enhancing its effectiveness.

A break with tradition

Typically, companies judge their talent management strategies and the effectiveness of their talent supply chains by evaluating how efficient they are in bringing people into the organization.

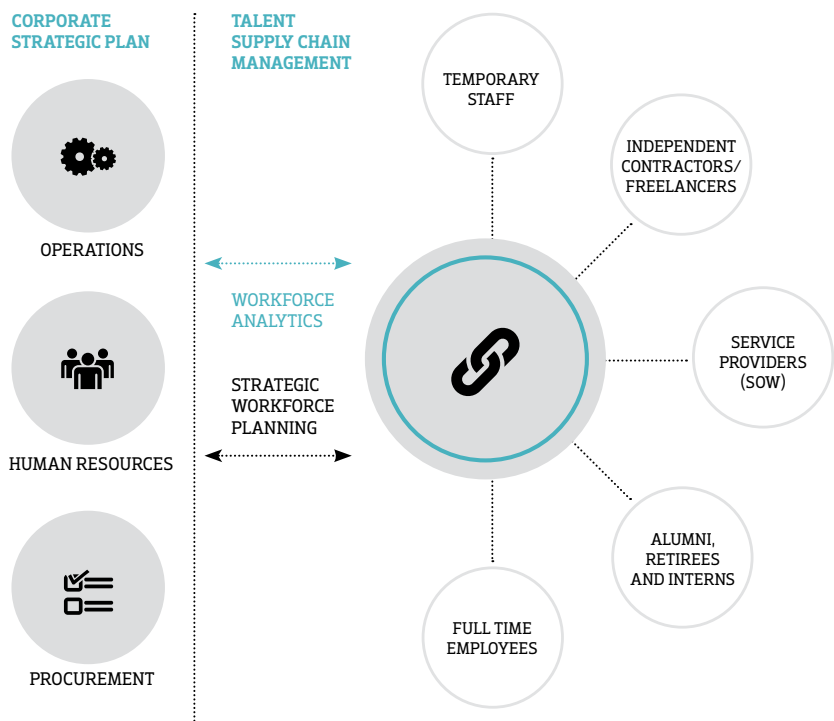
THE MIRROR IS YOUR WORST ENEMY

This could involve understanding how long it takes to recruit staff and how much this process costs. But once talent is working at the company, the analysis stops.

Talent Supply Chain Analytics considers the continuous flow of talent through a business, including how long they stay and how effectively suppliers perform in delivering talent. It also considers how other factors affect the operation of the supply chain as a whole; if you pull one lever forward and push another back, how does that change the overall supply of talent and key metrics?

In an overall sense, Talent Supply Chain Analytics helps companies look beyond themselves—and the present—to develop actionable insights that will enhance talent supply strategies. In particular, Talent Supply Chain Analytics uses internal

FIGURE 1: UNDERSTANDING THE FULL SCALE OF YOUR TALENT SUPPLY CHAIN



THE MIRROR IS YOUR WORST ENEMY

and external data, across labor types, input models and geographic locations, to underpin improvement initiatives and set companies on a path of continuous improvement.

So, while most companies are focused on basic reporting metrics that are largely internally driven, leading organizations are leveraging Talent Supply Chain Analytics to drive higher-value activities and decision-making. These activities include benchmarking and developing predictive insights, which are the foundation of a truly strategic approach to workforce planning.

As can be seen in the chart on page 8, companies moving up the workforce planning value chain progress from visibility and clarity (efficiency) to optimization and benchmarking (effectiveness) through to predictive analytics that enable strategic alignment.

This progression requires a shift from transactional management towards process management, understanding and planning.

If that can be achieved, the business will move from being tactical to strategic—not just managing the supply chain but relating it to the company's overall business plan. It will also demonstrate how the company's talent strategy is helping to deliver on those goals.

Testing yourself against the best

One way to draw your gaze away from the mirror is to prioritize benchmarking.

In our experience, relatively few companies undertake consistent talent supply chain benchmarking, or, if they do, they evaluate their performance within their known set

of current suppliers. This narrow frame of analysis limits the scope for continuous improvement of the supply chain and, consequently, the agility of the business.

Talent Supply Chain Analytics can be used to benchmark a company's supply chain management practices against their entire industry and key verticals for a range of factors, including supplier performance.

Companies should know how effective their current suppliers are in securing necessary talent. In this evaluation, cycle times are extremely important. Businesses want industry-leading suppliers that can deliver the right talent in a timely fashion.

To benchmark cycle times, a company would first examine its current suppliers' cycle times and look at how they've changed over time. The

THE MIRROR IS YOUR WORST ENEMY

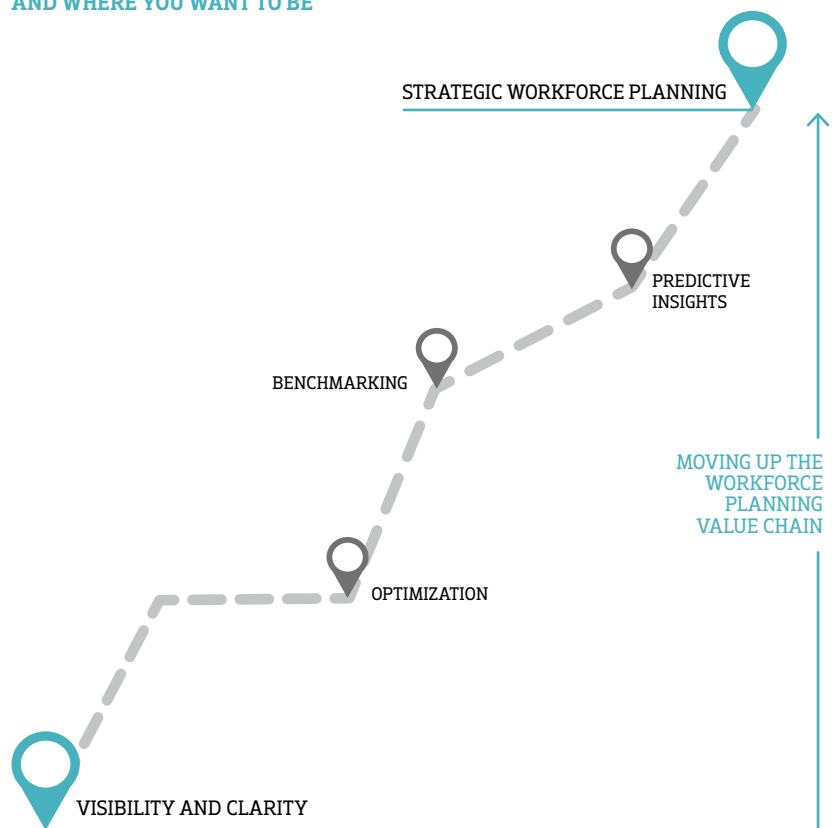
business would then compare this performance to the entire industry and across key verticals, to consider questions such as:

- How does our network of suppliers compare to others in the market?
- When we look beyond ourselves, are our suppliers outperforming or underperforming?

The next step would be to test various levers. For example, if we remove our least effective suppliers and replace them with more effective providers, how will that affect cycle times? This process helps companies put in place the right mix of suppliers based on benchmarked data, rather than incumbency or gut feel.

For many companies, this is a radically different approach to supplier management because current supply base performance is only the starting point for more in-depth analysis and benchmarking.

**FIGURE 2: WHERE YOU ARE...
AND WHERE YOU WANT TO BE**



ASKING THE RIGHT QUESTIONS

The key is for companies to stay one step ahead of themselves—and the competition.

When it comes to talent supply chains, many companies become content with visibility and optimization within their existing supply chain. Instead, they should move from seeing what is happening to understanding why it is happening. To achieve this level of insight, requires asking the *how* and *why* questions. Where are the talent bottlenecks occurring, and why are they occurring? This is where Talent Supply Chain Analytics can help.

By using analytical tools and visualizing the results of analysis, a company can identify and respond to emerging trends before they become stumbling blocks. By cross referencing key performance indicators (KPIs) and understanding their interrelationships, an organization can see how things are working, diagnose root cause issues and determine topical

insights. These insights can help the organization better predict the potential impact of making changes.

The dashboard on page 10 shows how a company can understand the way in which its number of suppliers affects cycle time. It also illustrates trends, the expected results of changes and the benchmark itself. Key components to the analysis include:

- Leveraging big data to benchmark across multiple markets and programs
- Analyzing the inter-relationships between multiple KPIs, instead of measuring only one indicator.
- Using data visualization instead of columns of data to tell the story.

What's my age again?

Some companies struggle with aging orders—staffing requests

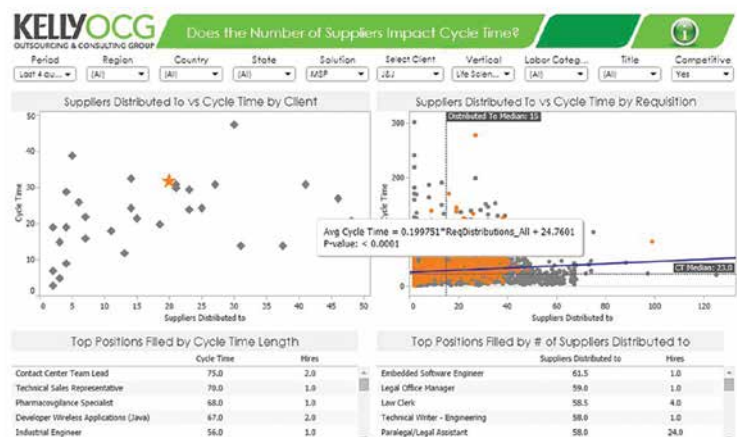
ASKING THE RIGHT QUESTIONS

FIGURE 3: SAMPLE ANALYSIS—ANSWERING HOW SUPPLIER NUMBERS AFFECT CYCLE TIMES



that remain unfulfilled by their suppliers—as well as orders that are cancelled internally. Aging orders mean that a business does not get the right talent at the right time, and continued cancelled orders reflect that the supply chain is being wasted and will eventually be depleted (suppliers will be fed up working on orders that get cancelled and take their talent elsewhere).

FIGURE 4: VISUALIZING CANCELLED AND AGING REQUISITIONS



Companies can currently see how long orders are open and how many are cancelled at varied aging intervals. However, by using Talent Supply Chain Analytics to understand the inter-relationship between the two (when aging orders are cancelled and why), they can undertake deeper analysis and calculate at what point an aging order is likely to be cancelled.

This information can also be evaluated by role. This adds another

layer to the depth of analysis and helps businesses to be more efficient in delivering supply and in managing demand. Even better, it can harmoniously balance the inter-relationship of supply and demand.

Armed with this information, decision-makers can get ahead of the curve. For instance, if they know

that orders that are still unfulfilled after 10 days are likely to be cancelled, and why they're likely to be cancelled, they can use those insights to refine their sourcing strategies. At the same time, suppliers can act to better regulate the flow of talent they provide to enhance utilization for both.

SPEAKING THE LANGUAGE OF BIG DATA

The war for talent has moved to a more technologically advanced battleground.

The era of big data is giving companies fresh opportunities to glean insights and enhance their talent supply chains. However, while many businesses have invested substantially in big data tools, not all of them are using these tools to improve workforce management.

We believe that all companies should recognize the tremendous potential of big data and workforce analytics when it comes to talent. Research published by The Conference Board suggests HR leaders should think like economists and maintain a 360-degree view of KPIs.² These factors might include: regulatory changes, the outlook for the economy, and labor supply trends.

Other research has found that leaders in talent supply chain management are fluent (or approaching fluency) in the language of big data and analytics.

They are shunning decisions based on emotion or gut feel, and have instead developed a culture of evidence-based decision making to glean actionable insights from vast data sets.³

To create such a culture, organizations should prioritize four practices:

- Establishing one undisputed source of performance data
- Giving decision-makers at all levels near-real time feedback
- Articulating business rules and regularly updating them in response to facts
- Providing high-quality coaching to employees who regularly make critical decisions.⁴

But it is important to note that, despite its benefits, organizations may need to secure buy-in from senior management to implement big data analytics. This could include

executive sponsors who are willing to put in the right framework for such analysis—a framework that includes consistent data collection; a robust and relevant set of business-related questions that have been developed by managers; and the presence of trained analysts who understand the business, data sets and analytics tools.⁵

The important point is that developing actionable insights from big data is not a technology question. Rather it is about the way companies open themselves up to critical analysis, learn from the insights of analytics, and take calculated risks to improve their talent supply chain.

Data is a differentiator and its consistent application in strategic workforce planning will give companies that embrace it a significant competitive advantage.

Research published by
The Conference Board suggests
HR leaders should think like
economists and maintain a
360-degree view of KPIs.²

² Phillips, P. & Hubble, C., "Human Capital in Review: Focus on Human Capital Analytics," The Conference Board, 4(1), 2014, www.conference-board.org/publications/publicationdetail.cfm?publicationid=2684.

³ Ross, J.W., Beath, C.M., & Quaddgras, A., "You may not need big data after all," Harvard Business Review, December 2013, hbr.org/2013/12/you-may-not-need-big-data-after-all/ar/1.

⁴ Ibid.

⁵ Modern Survey, "Why your HR department needs big data," 2013, www.modernsurvey.com/wp-content/uploads/2013/08/Why-Your-HR-Department-Needs-Big-Data.pdf.

CONCLUSION

Talent Supply Chain Analytics is about more than filling one role or addressing a single trend. It is about implementing a robust, fact-based approach to workforce management that ensures companies can address their talent needs efficiently and effectively.

In practice, Talent Supply Chain Analytics is about putting the mirror aside and relentlessly comparing your supply chains to those of the best-performing companies in relevant industries and verticals. It is about asking (and answering) the tough questions:

- Where are we underperforming?
- Why are we underperforming?
- How can we improve?
- Are our supplier networks letting us down?

And it is about making decisions based on the power of big data rather than gut feel. In today's global market for talent, the most successful companies will be those that explore every angle possible to secure the right staff. They will be using Talent Supply Chain Analytics to make the right decisions at speed to drive business success.

THE TALENT PROJECT

For more thought leadership go to talentproject.com

ABOUT THE AUTHOR

TOM TISDALE is Vice President, Talent Supply Chain Analytics, KellyOCG Centers of Excellence. In this role, Tom leads a team in analyzing and aggregating internal and external data to assist clients in managing their talent supply chain. Prior to Kelly, Tom was part of the founding team and the SVP of Strategic Initiatives with one of the market leading VMS and ATS providers. Tom has worked for a variety data warehouse firms in executive level positions and has been ranked as one of the most influential top 100 individuals (SIA) in staffing. He has sat on numerous advisory boards including SIA and Staffing.Org (both in initiatives to establish industry standards for KPIs). Tom has a BS from VA Tech in Industrial Engineering and Operations Research.



ABOUT KELLYOCG

KellyOCG® is the Outsourcing and Consulting Group of workforce solutions provider, Kelly Services, Inc. KellyOCG is a global leader in innovative talent management solutions in the areas of Recruitment Process Outsourcing (RPO), Business Process Outsourcing (BPO), Contingent Workforce Outsourcing (CWO); including Statement of Work (SOW) Management, Independent Contractor Solutions; Human Resources Consulting, Career Transition and Executive Coaching & Development, and Executive Search.



KellyOCG was named to the International Association of Outsourcing Professionals® 2014 Global Outsourcing 100® list, an annual ranking of the world's best outsourcing service providers and advisors.

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